



**COLORADO**  
Office of State Planning  
& Budgeting

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Denver, Colorado 80203

# FY 2018-19

## Figure Setting Comeback Requests for Executive Branch Agencies

March 19, 2018





## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Corrections
Title:	R-02 / BA-01 Prison Capacity

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$864,740,250</b>	<b>\$20,281,941</b>	<b>\$0</b>	<b>\$20,096,887</b>	<b>\$20,096,887</b>
FTE	6,247.0	119.6	0.0	119.6	119.6
GF	\$769,192,172	\$22,345,193	\$185,054	\$22,160,139	\$22,160,139
CF	\$39,760,660	(\$2,063,252)	\$0	(\$2,063,252)	(\$2,063,252)
RF	\$51,620,128	\$0	\$0	\$0	\$0
FF	\$4,167,290	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Department of Corrections (DOC) submitted two funding adjustments to FY 2018-19 appropriations to address the projected prison bed shortfall. This included R-2 Prison Capacity (\$19,364,000 total funds) and BA-1 Prison Capacity (\$917,941 total funds).

The Department utilized the Division of Criminal Justice (DCJ) December 2017 prison population forecast along with a rolling 12-month average for prison facility populations to arrive at a projected 250-bed shortfall. The proposed solution for this bed shortfall was to temporarily lease a private prison and operate the facility with DOC staff.

### Committee Action:

The Joint Budget Committee laid over a decision on the staff initiated prison, community corrections, intensive supervision program, and parole utilization methodology for developing prison bed needs. The utilization methodology produced a JBC staff recommended appropriation for 3,362 private prison beds, which would hold constant the FY 2017-18 pre-supplemental appropriation. It also recommended an appropriation for 32 jail beds to temporarily house female offenders.

The Joint Budget Committee voted to deny the Department's request to utilize 250 prison beds at a private facility staffed with DOC employees (R2/BA1 Lease Private Prison to Add 250 Beds). Additionally, the Committee tabled the Department's request to increase funding for private beds from 3,362 in FY 2017-18 to 3,800 in FY 2018-19 (R2/BA1b External Capacity).

### OSPB Comeback:

OSPB respectfully requests that the Committee approve the Department's request for \$20,096,887 total funds and 119.6 FTE. The request provides funding to: 1) house 55 female offenders in jail beds until prison beds become available; 2) house 3,800 male offenders in private prison facilities; and 3) temporarily lease 250 prison beds at a private prison facility. The comeback includes funding for R2/BA1 Lease Private Prison to Add 250 Beds and R2/BA1b External Capacity. Combined, these requests will effectively align prison bed capacity with the prison population forecast.

While the prison population forecast indicates the need for an additional 250 prison beds for all of FY 2018-19, the request assumed actions would be taken in the FY 2017-18 supplemental process to provide for one-time costs (\$1,130,007) associated with opening the closed Huerfano facility, purchasing supplies and equipment for the new facility and staff, and making modifications at the Centennial Correctional Facility-South in order to house the 250 offenders in this facility later in FY 2018-19. These amounts were not included in the DOC supplemental bill (H.B. 18-1158) and still require funding. In addition to the one-time operating costs, the CCF-S also requires the construction of outdoor recreation yards (\$636,000 capital construction request, previously approved by the Capital Development Committee in June 2017).

JBC Staff recommended the FY 2018-19 DCJ population projection (20,900) be used for setting the budget rather than the lower Legislative Council Staff projection (20,713). Since the JBC approved using the higher DCJ population projection for FY 2018-19, adding prison capacity is the plan that maintains public safety and continuity of care to offenders.

The utilization targets recommended by JBC staff for community corrections, the intensive supervision program, and parole releases may put downward pressure on the offender population; however, the plan does not take into account public safety or programming needs for offenders. The approach is not evidence-based, and there is no consideration for outcomes or reducing recidivism. While the plan assumes additional Community Supervision parole officers to supervise the community corrections and intensive supervision offenders, there are no additional parole officers to handle the increased parole releases added by the Parole Board target. In addition, there is no corresponding increase in community resources to include drug and alcohol treatment, mental health services, or housing availability.

If the proposed utilization targets are not met, then the Department will be left with prison overcrowding which puts both offenders and staff at risk. Responding to overcrowding, i.e., additional beds, is not a quick process and requires lead time for implementation.

Moreover, the utilization plan assumes the DCJ population projections will be accurate. Since 2010, the forecast has been lower than the actual population on five occasions. While the plan proposed by JBC staff offers a small buffer for FY 2018-19 only, there is no safety net if the forecast underestimates the actual prison population.

While some portions of the utilization plan are worth additional research, it is premature to develop the FY 2018-19 budget based on untested utilization targets with no safety net. In addition, the Department believes that various stakeholders such as victims groups, district attorneys, judges, and the various agencies involved should be engaged and consulted before the Committee considers enacting the utilization methodology.

The Working Group on Prison Population and Capacity Needs should continue to meet to discuss the staff initiated plan and other alternatives. The State must have both a short-term safety net (Huerfano facility) as well as a long-term plan (Centennial South and Prison Utilization Study) if it wishes to responsibly address the State's prison capacity needs while maintaining its commitment to promoting public safety.

## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Corrections
Title:	R-03 Hepatitis C Treatment

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	\$0	\$16,514,144	<b>\$0</b>	\$16,514,144	\$16,514,144
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$0	\$16,514,144	\$0	\$16,514,144	\$16,514,144
CF	\$0	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

On November 1, 2017, the Department of Corrections submitted a FY 2018-19 funding request for Hepatitis C Treatment (\$16,514,144 General Fund). With an estimated treatment cost of \$26,166 per offender, the increased funding would potentially treat a total of 784 offenders in FY 2018-19.

### Committee Action:

On March 14, 2018, the Joint Budget Committee denied the Department's R-03 Hepatitis C Treatment request for \$16,514,144. The Committee approved adding a new budget line item specifically for Hepatitis C treatment. Additionally, the Committee approved reducing the Department's current pharmaceutical line item by \$4,000,000, and voted to transfer this amount to the newly created line item specifically designated for Hepatitis C treatment.

### OSPB Comeback:

OSPB respectfully requests that the Committee approve the Department of Corrections' request for \$16,514,144 General Fund for Hepatitis C treatment. The funding would provide medication to treat 784 offenders currently diagnosed with *chronic* Hepatitis C based on their Aspartate Aminotransferase (AST) to Platelet Ratio Index (APRI) score. Currently, there are 2,242 offenders identified as diagnosed with HCV, according to the international classification of diseases (ICD-10) problem list in the DOC tracking system. The requested funds are intended to treat the 784 offenders considered *chronically* infected.

Since FY 2014-15, 76 of 77 DOC offenders treated with direct acting antiviral (DAA) medications have been cured, which is a cure rate of 99 percent. By increasing the funding for FY 2018-19 by the requested \$16.5 million, the Department would be able to treat all 784 offenders diagnosed with *chronic* Hepatitis C Virus (HCV), effectively reducing the overall number of offenders with HCV within the Department by over 41 percent, and decreasing the percentage of the offender population with the potential to spread an infectious disease.

As noted by JBC staff in the Department of Corrections figure setting presentation, the requested funding would be required for just over two years. After two years, this amount would be adjusted to maintain treatment regimens for chronic HCV-infected offenders entering the correctional system in succeeding years.

It is important to note that the Department of Health Care Policy and Financing (HCPF) is currently providing treatment to all patients with an HCV diagnosis. If the DOC used the same treatment guidelines as HCPF, they would be asking to treat 2,242 offenders. At \$26,166 per drug regimen, this treatment would require \$58.7 million.

## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Corrections
Title:	Capital Request: Fire Alarm System Replacement, Arkansas Valley Correctional Facility

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$0</b>	<b>\$2,543,505</b>	<b>\$0</b>	<b>\$2,543,505</b>	<b>\$2,543,505</b>
FTE	0.0	0.0	0.0	0.0	0.0
CCF	\$0	\$2,543,505	\$0	\$2,543,505	\$2,543,505
CF	\$0	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Department of Corrections (DOC) submitted a capital renewal request for FY 2018-19 appropriations to replace key parts of the fire alarm and suppression system at the Arkansas Valley Correctional Facility (AVCF). The existing fire alarm system is over 30 years old and well past its expected life span. The project affects 361,744 square feet of programming, administrative, and living space.

The project was previously requested through controlled maintenance for FY 2016-17 but was not funded. In the last two years, the Department has made minor upgrades to the fire alarm systems in three buildings and has also installed a new network display unit at a support facility.

### Committee Action:

The Joint Budget Committee approved the FY 2018-19 capital budget requests prioritized “above the line” by the Capital Development Committee. The AVCF capital renewal request for the Fire Alarm System Replacement was not funded, as it fell just short of the prioritization threshold.

### OSPB Comeback:

OSPB respectfully requests that the Committee approve the Department of Corrections’ request for \$2,543,505 Capital Construction Funds for replacement of the AVCF original fire alarm control panels, detectors, and notification devices. This project was prioritized as number 7 by OSPB. The existing system is over 30 years old and is well past the expected life span of 10-15 years. The system is a major maintenance issue as the exact location of a fire cannot be immediately determined. A major incident threatens the safety of offenders and staff and creates significant security issues in a prison setting.

The DOC contracted with Jensen Hughes, a fire safety engineering consultant, to objectively analyze the existing system. This request is a direct result of those findings. The existing system’s technology

and components are consistent with late 1980s technology and outdated. Replacement components are often secondhand. Replacement components are often secondhand, and these components are required to maintain critical operation of the existing system. Locating the critical component often takes time, distracting facility staff from their primary duties and extending fire watch.

When multiple false alarms occur, staff are activated for emergency response to search and identify the areas affected, reporting back if it's a smoke or fire alarm. Even when alarms are silenced and the system is reset, it will often go off again. Operational posts are collapsed as staff are reassigned and programs are often shut down to respond to the alarms. If other security incidents arise, staff response time is further reduced to respond to those incidents. These issues undermine the effectiveness of the system, jeopardize the detection, alarm reliability, and the safety of the facility.

Since November 2016, there have been 10 separate incidents in the facility which were either a fire alarm system failure and/or a fire watch. With each of these types of incidents the following occurs:

#### Fire Alarm System Failure

- Fire alarm system alarms in the control center. The alarm may be due to defective smoke detector (faulty head, sensor, electronic short, ground fault, etc.), a short in a fire alarm control panel, a non-functioning switch, degraded network, or other associated items.
- Alarm messages repeat until the system goes into overload, due to excessive alarm messages.
- Fire alarm system does not automatically reset requiring manual reset by an electronics technician.
- Staff physically investigate, search and identify the location of the alarm, and verify the presence of smoke and/or fire or if the alarm is due to faulty system components.

#### Fire Watch

- Manual fire watch is conducted by Correctional Officers.
- Watch occurs at 30 minute intervals: Correctional Officers physically check all occupied spaces in the alarm area, report back to the control center the results of their findings, and log them.
- Duration of fire watch continues until replacement components are acquired and repairs occur to restore functionality to the fire alarm system.
- A manual fire watch delays response time to other incidents that may occur with offenders in the facility.

Funding of this project will result in immediate improvements to the safety of the facility and increase the Facility Condition Index (FCI) for the 25 buildings impacted by the alarm system. If this project is not funded, the facility will be left with an outdated system that is increasingly difficult to maintain and is a risk to both human lives and state infrastructure. The consequences of not funding this project will result in continued attempts to maintain an outdated, un-serviceable system. Offender programming is disrupted when staff are required to respond to false alarms, and fire watchers and displaced staff also create serious security concerns at the facility. Most importantly, if the project is not funded, the safety of offenders and staff is at significant risk.



## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Department of Human Services
Title:	R-01a Compensation Adjustment for Direct Care Positions at DHS Facilities

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$258,422,456</b>	<b>\$13,141,467</b>	<b>\$0</b>	<b>\$13,141,467</b>	<b>\$13,141,467</b>
FTE	2,751.2	0.0	0.0	0.0	0.0
GF	\$176,645,447	\$12,339,320	\$0	\$12,339,320	\$12,339,320
CF	\$34,850,920	\$802,147	\$0	\$802,147	\$802,147
RF	\$20,203,245	\$0	\$0	\$0	\$0
FF	\$26,722,844	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Department requested \$13,141,467 total funds, including \$12,339,320 General Fund and \$802,147 cash funds in FY 2018-19 and \$25,460,094 total funds, including \$23,950,450 General Fund and \$1,509,644 cash funds in FY 2019-20 and ongoing, as a two-year approach to increase salaries for all direct care staff job classifications at 16 of its 19 24-hour (24/7) care facilities.

### Committee Action:

The Joint Budget Committee tabled this item pending a comeback to further discuss the need for the compensation adjustment merit with OSPB and the Department. JBC staff recommended funding the request, as written in the February 27, 2018 Services for People with Disabilities Figure Setting briefing.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests the JBC fund the Department's request. The Department's direct care compensation budget request is critical to continuing operations at the Department's 24/7 care facilities. Specifically, the Department continues to experience difficulty in recruiting and retaining highly qualified direct care staff to work at the Veterans Community Living Centers, Mental Health Institutes, and Youth Services Centers. High levels of vacancies and high turnover reduce the quality care for the vulnerable populations served by these facilities.

The Department found that one of the primary causes of recruitment and retention problems are:

- Wages are not competitive with the private sector for direct care positions such as nurses, certified nurse aides, licensed practical nurses and security officers. The Department's review of direct care staff wages indicates that direct care staff are being paid as much as 26 percent below the midpoint of the job classification pay range, and the average is just under 20 percent below the midpoint of the range for their job classification. Table 1 shows the average

percentage, by job class, that direct care employee salaries fall below the market rate (or midpoint of the pay range) for similar jobs in the private sector.

<b>Table 1: Average Percentage Below Prevailing Market Wage, by Job Classification</b>		
<b>Position</b>	<b># FTE</b>	<b>% Salary Below Prevailing Market Wage<sup>1</sup></b>
Client Care Aide (I, II)	220	13.5%
Correctional/Clinical Youth Security Officer (I, II)	614	22.8%
Health Care Services Trainee (I, II, III)	27	26.9%
Health Care Technician (I, II, III, IV)	107	16.8%
Mental Health Clinician (I, II, III)	148	21.9%
Mid-Level Provider	32	19.1%
Nurse (I, II, III)	158	18.0%
Social Worker/Counselor (I, II, III, IV)	76	16.9%
Therapy Assistant (I, II, III)	23	16.3%
<b>Total / Avg.</b>	<b>1,405</b>	<b>19.8%</b>
<b>Source:</b> Department of Human Services analysis of current employee salaries compared to midpoint of the job classification pay range in the Department of Personnel and Administration's FY 2017-18 Pay Plan.		
<sup>1</sup> Midpoint of the job classification pay range is considered prevailing market wage.		

- Benefits are not competitive with those offered to direct care staff in the private sector.
- Work environments are challenging. The Department serves some of the most vulnerable and also most difficult to serve individuals. Many reside with the Department because their needs are so acute they cannot be served in less restrictive community settings.
- Colorado's unemployment rates are one of the lowest in the nation, making competition for highly qualified employees more strenuous than ever.

The Department could face increasing instances of deficiency citations from regulating bodies if it cannot meet minimum staffing needs or demonstrate improved retention of staff. Ultimately, repeated deficiency citations could result in restriction on Medicaid and Medicare payment, moratoriums on admissions, and ultimately loss of a license to operate. Pay increases are crucial to improving the Department's ability to recruit and retain high quality staff direct care staff.

The Department studied turnover, compensation, and direct care staff pay for multiple years and Table 2 demonstrates the Department's effort in multiple approaches at retaining and recruiting staff without seeking funds to provide more competitive wages. These actions have largely been unsuccessful without adding more competitive compensation to the mix of solutions.

Table 2: Recruitment and Retention Initiatives By Facility Type		
Facility Type	Recruitment Efforts	Retention Efforts
Veterans Community Living Centers	<ul style="list-style-type: none"> <li>Recruit through multiple advertising venues (2013)</li> <li>Flexible schedules to better meet individual needs (06/2007)</li> <li>Attend job fairs within a reasonable driving radius of the facilities and network with community colleges on intern programs. (2014)</li> <li>Allow schools of nursing to use facility as their clinical training site to increase opportunity to recruit new graduates (2004 C.N.A. and R.N. through Adams State University, Trinidad State Junior College and 2 local high schools)</li> <li>Terminology in job announcements more clearly reflects job title (Licensed Practical Nurse vs. Health Care Tech) (03/2017)</li> <li>Scheduling interviews and making offers in a timelier fashion (08/2016)</li> <li>Providing signing and referral bonuses</li> <li>Streamlining background process although fingerprint results taking up to two weeks to be received back (locally from 01/2007, transporting to Pueblo from 08/2016, Del Norte from 08/2017)</li> <li>Social Media advertising for open positions (06/2017)</li> <li>Posting open positions at local Workforce Center (2010)</li> <li>Word of mouth from current staff (Inception)</li> <li>Available Kiosk for applicants to apply and assistance provided as needed by staff (08/2016)</li> </ul> <p><u>RIFLE</u></p> <ul style="list-style-type: none"> <li>Utilizing social media such as posting positions on Facebook 4/17</li> <li>Posting positions on Local Focus Digital Media 10/16</li> <li>Word-of-mouth advertising 4/17</li> <li>Changed our job announcements to be more user friendly-easier to search and apply (RN-Nurse II) 4/17</li> <li>Held Open House 4/19/17-4 applicants: Structural Trades II; 2-CNA's; LPN and (1) viable candidate for Social Work Assistant position. Of the applicants we made offers to the following: Structural Trades II (failed background); CNA-hired on 5/22/17; LPN-hired on 5/18/17.</li> <li>Offer signing bonus for Nurse III-Shift Supervisors 12/2015</li> <li>Effective July 1, 2017 started offering signing bonus for CNAs as well as referral bonus to staff</li> <li>Computer or paper application made available for applicants to apply 3/17</li> </ul> <p><u>FITZSIMONS</u></p> <ul style="list-style-type: none"> <li>November 2016: Attend job fairs within a reasonable driving radius of the facilities and network with community colleges on intern programs.</li> </ul>	<ul style="list-style-type: none"> <li>Continually mentor and be available to staff (2006)</li> <li>Provide a positive work environment that does rewarding work and allows for the individual to feel like they are really making a positive impact on our veterans' lives (Eden Certification received in 2008)</li> <li>Allowing staff to participate in resident activities and build relationships with our residents, which results in high work satisfaction (Eden Certification received in 2008)</li> <li>Accommodate schedule requests as much as possible (2008)</li> <li>Provide more training and education (2016)</li> <li>Accommodate flexible shifts (8 hour and 10 hour shifts available) (06/2007)</li> <li>Staff recognition (each department recognized at monthly all staff meetings) (Years of service and certificates on 10/2016)</li> <li>Department recognition (01/2017)</li> <li>Survey Parties (2012)</li> </ul> <p><u>RIFLE</u></p> <ul style="list-style-type: none"> <li>Created a Lead CNA position to assist in mentoring and training new CNA staff 1/17</li> <li>Effective July 1, 2017 offered retention bonus for CNA staff</li> <li>Reallocated our Nurse III-Shift Supervisor positions to Nurse IIs to allow current RNs opportunity for growth in their field 8/15</li> <li>Work with departments on flexible shifts-Bath Aides (10 hour shifts); CNAs (8 or 12 hour shifts)</li> <li>Encourage staff to participate in resident activities such as: Music and Memories, Ride and special outings/events</li> <li>Staff Development Coordinator involved in training and education of staff</li> <li>Staff recognized in monthly All-Staff Meetings: employee with best attendance for month, years of service and Kudos</li> <li>Work with our employees on desired schedule when enrolled in college</li> <li>Recognize staff on a daily basis-thank them and give candy bar 7/17</li> </ul> <p><u>FITZSIMONS</u></p> <ul style="list-style-type: none"> <li>November 2016: Flexible schedules to better meet individual needs</li> <li>November 2016: Accommodate schedule requests as much as possible.</li> <li>December 2016: Provide more training and education</li> </ul>

	<ul style="list-style-type: none"> <li>• January 2017: Allow schools of nursing to use facility as their clinical training site to increase opportunity to recruit new graduates.</li> <li>• January 2017: Terminology in job announcements more clearly reflects job title (Licensed Practical Nurse vs. Health Care Tech)</li> <li>• December 2016: Scheduling interviews and making offers in a timelier fashion</li> </ul>	
Division of Youth Services	<ul style="list-style-type: none"> <li>• New recruitment brochure (April 2015)</li> <li>• Job fairs at local colleges (September 2014)</li> <li>• Creation, distribution and use of three professional recruitment/retention videos (August 2016)</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-service Academy (New Hire Training - 3 1/2 weeks)</li> <li>• Field Training Officer program (on-the- job competency based training) (October 2014)</li> </ul>
	<ul style="list-style-type: none"> <li>• Digital advertising/recruitment campaign (September – November 2016)</li> <li>• Facility open houses for interested potential candidates (Spring/Summer 2016)</li> <li>• Recruitment cards with a code that can be scanned on your smartphone, linking to DYS Careers Webpage (August 2016)</li> <li>• Continuous hiring process (July 2016)</li> <li>• Focus groups with successful employees to ascertain strategies (June 2015)</li> <li>• Broadened minimum qualifications for entry- level position (March 2017)</li> <li>• Salary compensation for FTO Trainers (March 2017)</li> <li>• Changed working title of CYSO class to Youth Services Specialist (July 2017)</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing implementation of Trauma Informed Environment Model of Care (Fall 2014)</li> <li>• Improved staffing ratios through addition of direct care staff (July 2015)</li> <li>• Collaborative Safety Focused Committee with Colorado WINS (Winter 2015)</li> <li>• Non-monetary rewards and incentives (January 2014 PBIS)</li> <li>• Monetary Rewards and Incentives Program (Coming Soon)</li> </ul>
<b>Source:</b> Department analysis and summary of efforts.		

### ***Turnover***

The 2017 National Health Care Retention and RN Staffing Report states the national hospital staff turnover rate is about 16.2 percent. Turnover in direct care positions at the Department exceed the national average in many cases. According to the 2017 National Health Care Retention and RN Staffing Report, the average cost of turnover for RNs ranges from \$38,900 to \$59,600 per person. Estimating the cost of loss of 503 direct care positions (as shown in Table 4 below) at the lowest end of that range (\$38,900 per person), the total cost of turnover for the Department of Human Services in FY 2016-17 would have been about \$19.5 million.

Table 3 demonstrates the turnover rates, by facility type, for direct care staff in FYs 2015-16 and 2016-17.

Table 3: Turnover by Facility for Direct Care <sup>1</sup> Job Classifications FY 2015-16 and FY 2016-17									
Facility	FY 2015-16			FY 2016-5/31/2017			Two-Year Average		
	Total # of Employees	# Separated Employees	FY 2015-16 Turnover Rate	Total # of Employees	# Separated Employees	FY 2016-17 Turnover Rate	Total # of Employees	# Separated Employees	2-Year Average Turnover Rate
CMHIFL	184	37	20%	180	30	17%	364	67	18%
CMHIP <sup>2</sup>	550	91	17%	530	82	15%	1080	173	16%
FITZSIMONS VCLC	186	29	16%	188	32	17%	374	61	16%
FLORENCE VCLC	111	30	27%	113	39	35%	224	69	31%
HOMELAKE VCLC	55	10	18%	54	11	20%	109	21	19%
RIFLE VCLC	91	29	32%	95	25	26%	186	54	29%
ADAMS	25	4	16%	30	8	27%	55	12	22%
GILLIAM	71	15	21%	88	26	30%	159	41	26%
GRAND MESA	44	8	18%	47	6	13%	91	14	15%
LOOKOUT MOUNTAIN	145	29	20%	174	53	30%	319	82	26%
MARVIN FOOTE	55	9	16%	71	21	30%	126	30	24%
MOUNT VIEW	119	23	19%	147	42	29%	266	65	24%
PLATTE VALLEY	103	32	31%	140	49	35%	243	81	33%
PUEBLO	33	6	18%	32	4	13%	65	10	15%
SPRING CREEK	95	34	36%	90	26	29%	185	60	32%
ZEBULON PIKE	44	10	23%	41	3	7%	85	13	15%
<b>GRAND TOTAL</b>	<b>1,911</b>	<b>396</b>	<b>21%</b>	<b>2,020</b>	<b>457</b>	<b>23%</b>	<b>3,931</b>	<b>853</b>	<b>22%</b>
<p><b>Source:</b> Department of Human Services' analysis of data from CPPS for total active positions and total employee separations for direct care job classifications at each of the facilities listed for Fiscal Years 2015-16 and 2016-17.</p> <p><sup>1</sup> Direct Care positions include the following job classifications, Client Care Aides, Clinical/Youth/Security Officers Health Care Services Trainees, Health Care Technicians, Mental Health Clinicians, Nurses, Social Workers, and Therapy Assistants</p> <p><sup>2</sup> CMHIP does not include employees in job classifications of Nurse I, II, or III because those classifications were discussed in a separate 1331 request for funds to increase wages.</p>									

Despite the Department's efforts to fill vacant direct care positions the Department continues to experience significant vacancy rates throughout the 24/7 care facilities.

Table 4 shows the total number of direct care positions and total number of direct care vacancies, by facility and by job classification as of August 2016 and August 2017. As shown, there has not been marked improvement in overall vacancy rates during this time. For facilities with improved turnover rates, such as the nursing homes, the improvement was the result of cleaning up vacant positions included in the August 2016 data that had not been filled for long periods of time and were considered unnecessary. As a rough comparison, Nursing Solutions, Inc. published a report in 2017 that identifies the national vacancy rate for nursing positions in hospital environments are about 8.1 percent. Vacancy rates for direct care positions in the 24/7 care facilities operated by the Department are at 16 percent on average, which is significantly higher than this national benchmark.

Table 4: Direct Care Vacancy Rate, By Facility									
	As of August 2016					As of August 2017			
Facility	# Filled Positions	# Vacant Direct Care Positions	Total # Positions	Vacancy Rate		# Filled Positions	# Vacant Direct Care Positions	Total # Positions	Vacancy Rate
Mental Health Institutes									
C M H I AT FT LOGAN	153	25	178	14%		154	18	172	10%
C M H I AT PUEBLO	656	106	762	14%		637	114	751	15%
Veterans Community Living Center									
FITZSIMNS	159	44	203	22%		160	16	176	9%
FLORENCE	82	15	97	15%		79	16	95	17%
HOMELAKE	47	8	55	15%		47	7	54	13%
RIFLE	64	59	123	48%		68	14	82	17%
Division of Youth Services									
ADAMS	19	1	20	5%		22	8	30	27%
GILLIAM	57	10	67	15%		65	10	75	13%
GRAND MESA	38	2	40	5%		43	2	45	4%
LOOKOUT MOUNTAIN	128	4	132	3%		133	48	181	27%
MARVIN FOOTE	48	8	56	14%		56	10	66	15%
MOUNT VIEW	103	11	114	10%		107	11	118	9%
PLATTE VALLEY	82	15	97	15%		102	39	141	28%
PUEBLO	26	3	29	10%		28	14	42	33%
SPRING CREEK	62	16	78	21%		65	10	75	13%
ZEB PIKE	37	1	38	3%		39	10	49	20%
GRAND TOTAL	1,761	328	2,089	16%		1,805	347	2,152	16%
Source: Department of Human Services' analysis of total active employees and vacant positions as of August 2017.									
1 Direct Care positions include the following job classifications, Client Care Aides, Clinical/Youth/Security Officers Health Care Services Trainees, Health Care Technicians, Mental Health Clinicians, Nurses, Social Workers, and Therapy Assistants (See Attachment A).									
2 Nurse I, II, and III job classifications are not included for CMHIP because those classifications were discussed in a separate 1331 request for funds to increase wages.									

### Other Successful Similar Initiatives

The Department completed a similar compensation initiative for Regional Center direct care staff in November 2016 and has achieved significant improvement in filling vacancies and reducing turnover. Since increasing the starting wage for direct care staff at the three Regional Centers, and providing compression pay increases to existing staff, in November 2016, vacancy and turnover rates for direct care staff have decreased significantly. Table 5 shows the vacancy rate for each Regional Center on September 12, 2016 and on June 26, 2017, as well as their cumulative turnover rates for the periods March to October 2016 and November 2016 to May 2017.

Table 5. Comparison of Vacancy and Turnover Rates for Direct Care Staff at the Regional Centers For 6 month period Prior to and Post Pay Increases				
Regional Center	Sept. 12, 2016 Vacancy Rate	June 26, 2017 Vacancy Rate	Cumulative Turnover Rate March 2016 to October 2016	Cumulative Turnover Rate November 2016 to May 2017
Grand Junction	16%	3%	11%	7%
Pueblo	29%	10%	35%	17%
Wheat Ridge	15%	7%	33%	19%
<b>Source:</b> Department analysis of CPPS data.				

Based on these data, the Department concludes that the pay raises have been effective in attracting and improving the retention of staff for vacant direct care positions at the Regional Centers.

The Department has also started to see success in ability to recruit Nurse I, II, and III positions at the Colorado Mental Health Institute Pueblo (CMHIP) after completing a similar pay initiative for CMHIP Nurses in November 2017. Specifically, in the three months prior to implementing the higher nurse salaries, CMHIP hired 6 nurses (August-October 2017) and in the four months since implementing the higher wages, there were 26 nurses hired (November 2017 - March 5, 2018). This is a 300 percent increase in hiring. Additionally, although anecdotal, longer term employees have indicated that the compression pay increases they received in November as a result of this initiative have been an incentive to stay and work through the culture change that is in progress. For CMHIP, the pay increases went into effect November 1, 2017. As such, there has not been sufficient data to conduct an analysis of the impact of the pay increases. Initial indications are that the pay increases will help resolve staffing issues at CMHIP. Specifically, in September 18th through December 1st, CMHIP hired 15 nurses, 4 of whom were former CMHIP employees who decided to return to work at CMHIP after implementation of the pay increases. In addition, two part-time nurses elected to become full time.

The compensation increase for the remaining 24/7 facilities will put all direct care staff, across the Department in a more equitable and competitive position for compensation. The Department has worked with the Department of Personnel and Administration to develop the compensation initiatives for the Regional Centers, CMHIP Nurses, and now for the Department-wide direct care staff. The Department or Personnel and Administration has reviewed and approved the underlying compensation plan upon which this request is based.



## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Department of Human Services
Title:	R-01b Compensation Adjustments for Nurses at CMHIP

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$70,620,903</b>	<b>\$8,901,740</b>	<b>\$0</b>	<b>\$8,901,740</b>	<b>\$8,901,740</b>
FTE	995.4	0.0	0.0	0.0	0.0
GF	\$60,908,060	\$8,901,740	\$0	\$8,901,740	\$8,901,740
CF	\$3,190,385	\$0	\$0	\$0	\$0
RF	\$6,522,458	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0
<i>Med. CF</i>	\$0	\$0	\$0	\$0	\$0
<i>Med. GF</i>	\$0	\$0	\$0	\$0	\$0
<i>Net GF</i>	\$60,908,060	\$8,901,740	\$0	\$8,901,740	\$8,901,740

### Summary of Initial Request:

The Department requested \$8,901,740 General Fund in FY 2018-19 and on-going to continue the salary adjustments for Registered Nurse I-III staff at the Colorado Mental Health Institute at Pueblo (CMHIP), given difficulty hiring and retaining staff needed to provide safe, adequate, and active care to CMHIP patients. This request is for the ongoing out-year impact of a 1331 emergency supplemental request of \$2,853,305 General Fund for FY 2017-18 that was approved by the Joint Budget Committee in September 2017.

The request will improve the quality of care by reducing mandatory overtime and staff exhaustion; reducing turnover and increasing the consistency and familiarity of staff working with patients; and reducing errors that occur due to staff shortages and exhaustion (e.g., medication errors).

### Committee Action:

The JBC did not take action on this request.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the Joint Budget Committee fund the Department's request. In three months prior to implementing the higher nurse salaries, CMHIP hired 6 nurses (August-October 2017) and in the four months since implementing the higher wages, there were 26 nurses hired (November 2017 - March 5, 2018). This is a 300 percent increase in hiring. Additionally, employees have indicated that the compression pay increases they received in November as a result of this initiative have been an incentive to stay and work through the culture change that is in progress.



It is important to recognize that pay raises given to classified State employees in November 2017 are now part of their base pay. If this compensation initiative is not funded, the Department will have to cut pay for Nurse I through III.

### ***Recruitment and Retention***

Staff recruiting and retention are key elements in staff morale. Incoming salaries of many direct care staff were below market pay for equal jobs in the private sector. Overall shortages of licensed health care professionals also affect recruiting.

General morale at the Institute, a direct consequence of culture and working conditions, affects retention. CDHS noted that CMHIP leadership needed to address the causes of the staffing and morale problem in the survey findings (discussed below).

During the past year CMHIP had to address the results of survey findings regarding overall provision of treatment hours and direct care staffing. When immediate jeopardy was imposed by the Colorado Department of Public Health and Environment (CDPHE), CMHIP had to respond to meet direct care staffing ratios within 30 days. The plan involved the use of mandatory overtime, development of alternate staffing resources (temporaries, agency, 1:1 “sitters,” and pool staff), and limiting vacation time.

The CDPHE lifted the immediate jeopardy in June 23, 2017, and lifted their monitoring when they found the Institute in full compliance in the first week of October 2017. Later that month the nursing management allowed staff to begin entering new vacation requests again. The use of mandatory overtime dropped significantly.

Without a competitive salary, it is even more difficult to recruit and retain staff. Nurses have a wide variety of options for employment, from working in schools, medical spas, nursing homes, home care, acute care hospitals, private care, and the military, etc. Psychiatric nursing is a challenging career choice, and a competitive salary becomes even more critical in order to recruit and retain staff. As written in an article titled “Healthcare Industry Facing Severe Psychiatrist Shortage<sup>1</sup>, dated August 20, 2016, “*Psychiatric nurses and nurse practitioners are also facing incredibly high demand, with a 58 percent increase in psychiatric RN job openings and a 17 percent increase in psychiatric NP job opportunities from 2014–2015, making them two of the fastest-growing non-physician specialties.*”

Additionally, recent news from CNN Money, dated March 8, 2018 titled, “Hospitals Offer Big Bonuses, Free Housing and Tuition to Recruit Nurses” stated that:

*“UCHealth, which operates nine acute-care hospitals and more than 100 clinics across Colorado, Wyoming, and Nebraska, currently has 330 openings for registered nurses. Since the nonprofit health system can't find all the nurses it needs locally, it has been seeking out candidates from other states -- and sometimes other countries. To entice these new recruits, it has offered relocation allowances and signing bonuses of up to \$10,000, said Kathy Howell, chief nursing executive for UCHealth. UCHealth is trying to sweeten the pot in other ways, as well. It provides nurses with up to \$4,000 a year to invest in continuing education. And it offers*

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<sup>1</sup> <https://www.healthcareers.com/article/healthcare-news/healthcare-psychiatrist-shortage>

*the Traveler RN program, which allows nurses to do a 13-week rotation at different UCHHealth facilities."*

This is the environment in which CMHIP is competing for nurses. In order to attract and retain qualified nurses, and remain competitive with market demand, the Department requires base pay increases for Nurse I through Nurse IIIs.

### ***Culture Change***

While recruiting staff with a competitive salary is critical, the Department is also making improvements to the culture at CMHIP in order to improve retention of current staff. The Office of Behavioral Health (OBH) hired a consulting firm, Government Performance Solutions, Inc. (GPS), to assist with the effort to make improvements in the CMHIP culture.

In collaboration with GPS, OBH established a plan to evaluate the cultural needs of CMHIP. Through this process two goals were established: 1) establish a culture of teamwork, and 2) improve patient treatment programs while ensuring proper treatment coverage.

Since September, GPS met with CMHIP leadership staff weekly and facilitated numerous meetings to discuss culture with all levels of the organization. They used the information gleaned to rewrite CMHIP's new mission, vision, and values statements. Additionally, leadership identified two key areas that require transformation in order for CMHIP to improve the quality of care for patients and to improve the quality of work for staff. CMHIP has started promoting a culture that is patient-oriented by examining current clinical standards.

## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Department of Human Services
Title:	Data Systems Check for Employees Serving At-Risk Adults

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$33,106</b>	<b>\$214,806</b>	<b>\$0</b>	<b>\$214,806</b>	<b>\$214,806</b>
FTE	0.4	3.5	0.0	3.5	3.5
GF	\$33,106	\$125,304	\$0	\$125,304	\$125,304
CF	\$0	\$89,502	\$0	\$89,502	\$89,502
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Department requested \$214,806 total funds, including \$125,304 General Fund and \$89,502 cash funds in the base budget for FY 2018-19 to continue implementing H.B. 17-1284.

### Committee Action:

The Joint Budget Committee tabled a decision on the funding for this item. The JBC requested that the Department provide additional details related to the implementation of H.B. 17-1284 and to address concerns raised to members of the General Assembly by stakeholders.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the Committee reconsider and fund the Department's request of \$214,806 for FY 2018-19 to implement certain aspects of the requirements set forth in H.B. 17-1284.

House Bill 17-1284 requires the Department to promulgate rules to establish a process at the state level by which a person who is substantiated in a case of mistreatment of at-risk adults may appeal the finding to the Department (Section 26-3.1-108, C.R.S.). H.B. 17-1284 also requires the Department to establish a state-level program for employers to obtain a Colorado Adult Protective Services (CAPS) data system check and promulgate rules to implement the required checks (Section 26-3.1.111(3) (5), C.R.S.) Certain employers are required to request a check of the CAPS data system prior to hiring a new employee who will provide direct care to at-risk adults to determine if the employee has been substantiated in a case of abuse, neglect, or exploitation (mistreatment) of an at-risk adult in an Adult Protective Services (APS) case.

The Department received an appropriation of \$33,106 for 0.4 FTE in FY 2017-18 as part of H.B. 17-1284 to hire the staff person who will administer the Department's appeal process for people substantiated in a case of mistreatment of an at-risk adult. The Department is in the process of hiring for this position. Without funding in this line item for FY 2018-19, the Department will not be able

hire this position to oversee the appeals process required by H.B. 17-1284, nor to perform the CAPS checks themselves that are required by H.B. 17-1284.

The fiscal note for H.B. 17-1284 included \$214,806 for FY 2018-19 in the Line Item for Executive Director's Office; (B) Special Purpose, Records and Reports of Child Abuse or Neglect for the Department of Human Services to implement requirements set forth in H.B. 17-1284. Specifically, this funding for FY 2018-19 is for:

- 1.0 FTE to administer the appeals process for people substantiated in an Adult Protective Services case of mistreatment of an at-risk adult starting July 1, 2018 and the associated operating expenses.
- 2.5 FTE to receive and respond to requests for CAPS checks from employers beginning January 1, 2019 and the associated operating costs.

Section 26-3.1-111(9), C.R.S. requires the Department to establish a fee for employers when the employers request the check of CAPS. The fee must cover the costs of the due process and the cost of the CAPS checks. Because funds from the fee will not begin to be received by the Department until the CAPS check requirement begins on January 1, 2019, a portion of the funding for FY 2018-19 is needed from General Fund.

Without funding in this line item for FY 2018-19, the Department will not be able to implement the due process and CAPS check requirements required by H.B. 17-1284.

### ***Implementation and Stakeholder Engagement***

Since the passage of H.B. 17-1284, the Department has developed proposed rules and engaged stakeholders in the process in accordance with statute. The Department has developed three rule packets to present to the State Board of Human Services to implement H.B. 17-1284 as follows:

- Rule packet 1 primarily addressed changes to training requirements for County Department of Human Services APS staff and due process notification to substantiated perpetrators. These rules were passed by the State Board of Human Services on February 2, 2018 and will be effective April 1, 2018.
- Rule packet 2 outlines the substantiated perpetrator's due process rights and the appeals process. These proposed rules were moved forward after the initial reading at the State Board of Human Services on February 2, 2018 and are scheduled for final reading on April 6, 2018 with a projected effective date of May 30, 2018.
- Rule packet 3 includes rules related to the process for employers to request a CAPS check for prospective employees. It also includes language about the maximum fee allowable for the CAPS check. This packet is scheduled to be presented to the State Board of Human Services for first reading in May and final reading in June 2018 with a projected effective date of July 30, 2018.

Throughout the rule development process, the Department has engaged stakeholders in a number of ways to provide information on the implementation of H.B. 17-1284 and to gather feedback on the Department's rule proposals. Specifically:

- The proposed rule revisions were vetted through the Department's Policy Advisory Committee (PAC) structure to ensure input and agreement from County Departments of Human Services.

- The Department maintains a list of stakeholders who expressed interest in the implementation of H.B. 17-1284 and hosted meetings to seek input from these stakeholders on proposed rule revisions. The Department hosted three meetings to seek input on proposed rules on October 2, 2017 and January 24 and February 5, 2018. Stakeholders were also given draft rule packets to review and offered the opportunity to provide feedback to the Department by email, phone, or to schedule individual meetings to discuss their input.
- In response to a stakeholder's concerns expressed at the December 2017 State Board of Human Services meeting, the Department hosted a meeting on January 25, 2018 to solicit input on these rule packets from a group of stakeholders that had not previously been identified.
- The Department will be hosting additional stakeholder meetings for the public and inviting any stakeholders who have expressed interest in the implementation of H.B. 17-1284 and the proposed rules to attend. The additional meetings will occur on March 13 and 28, 2018.

The Department has thoughtfully considered the feedback provided by stakeholders over the past six months in developing the final drafts of the rule packets for consideration by the State Board of Human Services.

In addition, the Department and the State Board of Human Services have asked stakeholders with concerns about the overall operation of the APS program to provide to the Department specifics of these cases so that the Department can look into the county department's actions. The Department reviews hundreds of cases opened and resolved by county APS programs each year in its quality assurance activities, and the Department has not seen any evidence during these reviews to support the claims made by these stakeholders. Because the Department does not have visibility to each and every case in the state, the Department has developed a complaint process to further ensure that county departments are administering the program in accordance with current statutes, rules, and regulations. However, since concerns about the overall operation of the APS program were first voiced in December 2017, the Department has not received any information that would allow the Department to review the case or cases to determine whether the county department acted inappropriately.

## Office of State Planning and Budgeting

### FY 2018-19 Figure Setting Comeback Requests

Department:	Department of Personnel & Administration
Title:	Biweekly Payroll and Loan Program

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$0	\$0	\$0	\$0	\$0
CF	\$0	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

#### Summary of Initial Request:

As part of the overall transition to the HRWorks system, the Department requested that legislation be run to move the State's workforce to bi-weekly payroll. The request represents a minimal change from current statute, which allows for the transition to a twice-monthly payroll. The implementation of HRWorks will result in efficiencies statewide, including the ability to pay employees on a lag payroll with more accuracy than the current monthly payroll.

Initially, the decision was made to move to a twice-monthly payroll under House Bill 15-1392 because of the future implementation of a statewide human resources information system. Once the HRWorks project team began implementation of the new system, the team realized that the twice-monthly pay periods did not align well with the Fair Labor Standards Act (FLSA) regulations for paying overtime to exempt employees, and that manual calculations would be required for all employees earning overtime. The manual calculations required under a twice-monthly payroll will be significant, since approximately 25 percent or more employees earn overtime each month. By moving to a biweekly payroll rather than twice-monthly, the State will align the pay periods with the FLSA regulations, which will allow all payroll calculations to be done within the HRWorks system, and will allow for greater transparency into how employees are being paid.

In an effort to minimize the impact of moving from pay current to lag pay on employee cash flow, HB 15-1392 included a provision where employees can be granted a loan from the treasury to manage the shift in their cash flow. Because the transition to biweekly payroll will go into effect on July 1, 2018 and the first paycheck will be issued on July 20, 2018, the first paycheck will be approximately half of what a typical biweekly paycheck amount would be. Additionally, since the July 20<sup>th</sup> paycheck will be the only payment that employees receive in the month of July, the loan will assist employees in making the initial transition to a biweekly lag payroll.

**Committee Action:**

The Committee has requested that OSPB come back to present additional information on the proposed legislation, in addition to responding to the following question regarding the employee loan program included in the lag-pay payroll provisions in statute:

*JBC staff has advised the Committee that the State Controller is of the opinion that the employee loan program in section 24-50-104 (8) (c), C.R.S., should not be considered an expenditure of the State and therefore does not require an appropriation of General Fund for that purpose. JBC staff has also advised the Committee that there is consensus opinion among JBC Staff, the Office of Legislative Legal Services, and the State Auditor that the statutory provision is a state expenditure that requires an appropriation. JBC staff has recommended that the Committee appropriate \$27.4 million GF in FY 2018-19 for this purpose. Does OSPB agree with the State Controller that no appropriation is necessary? And if so why?*

**OSPB Comeback:**

The Office of State Planning and Budgeting respectfully requests that the Committee consider the request to run legislation to transition the State's payroll to bi-weekly pay. It is the understanding of the Department that additional clarity is needed around the need for appropriation to administer the loan program.

***Governmental Accounting Standards Board (GASB)***

CRS 24-30-202(12) provides in part, that the system of accounts for the state "shall be based upon the accrual system of accounting, as enunciated by the governmental accounting standards board...."

***GASB Definition***

GASB Codification 1600.116 indicates that the measurement focus of governmental fund financial statements for expenditures is a decrease in net financial resources, which is the difference between assets and liabilities.

A loan made by the State to an employee, on the other hand, represents exchanging one asset class for another. The State disburses cash (an asset) and has a note receivable from the employee (another asset class). The net position (assets minus liabilities) is unchanged. There is no expenditure and no need for an appropriation.

***Cash and Appropriation/Expenditures***

Cash and appropriation/expenditures are separate concepts. Cash and pooled cash for the primary government was \$5.4 billion as of June 30, 2017. Total expenses for the primary government in the government-wide Statement of Activities were \$34.2 billion in FY 2016-17. The expenses exceeded the cash balance simply because not all expenses were cash (such as depreciation and accruals).

***Proposed Loan to Employees***

When the State loans cash to employees, the loan will be processed in the Office of the State Controller in account 998A. This account handles other cash transactions concerning employees such as employee's share of payments to PERA. To comply with GASB, the accounting entries will be as follows:



	<u>Debit</u>	<u>Credit</u>
Make loan to employees	Notes Receivable	Cash
Loan Repayments	Cash	Notes Receivable

There is no change in net position upon making the loan or collecting the loan. This is not an expenditure and there is no need for an appropriation

***JBC Staff Recommendation***

If the JBC Staff recommendation is followed, and the General Assembly appropriates \$27.4 million General Fund (GF) in FY 2018-19 for the loan, the following consequences will occur:

- State Controller will record an appropriation and an expenditure when the loan is disbursed. This is contrary to GASB and as a result, the State Controller believes the Office of the State Auditor will require the State Controller reverse this entry and record a note receivable in accordance with GASB.
- The General Fund spending will be limited by \$27.4 million unnecessarily. A loan involves exchanging one asset for another; there is no decrease in the net position.
- It is unclear to the State Controller how the repayment of the loan would be handled. Would repayment be recorded as revenue and increase the available budget in the General Fund? In the State Controller's opinion, no it would not, but that would be the logical approach if making the loan is an expenditure. The repayment would be revenue. Again, this is contrary to GASB.

The Department is asking that the potential legislation to implement the biweekly salary payment for State employees have no appropriation associated with the loan program.



## Office of State Planning and Budgeting FY 2018-19 Budget Request Comeback Requests

Department:	Health Care Policy and Financing
Title:	R-19 IDD Waiver Consolidation Administrative Resources Comeback

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$0</b>	<b>\$478,500</b>	<b>\$0</b>	<b>\$478,500</b>	<b>\$478,500</b>
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$0	\$239,250	\$0	\$239,250	\$239,250
CF	\$0	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$239,250	\$0	\$239,250	\$239,250

### Summary of Initial Request:

The Department requested funding to hire contractors to continue work related to redesigning and consolidating the Home and Community Based Services waiver for Persons with Developmental Disabilities (HCBS-DD) and Supported Living Services (HCBS-SLS) waiver programs, and submit the waiver amendment to the Centers for Medicare and Medicaid Services by July 2019.

### Committee Action:

The Joint Budget Committee tabled the Department's request, and requested additional information related to the change in implementation timeline for H.B. 15-1318 "Consolidate Intellectual and Developmental Disabilities Waivers" from July 1, 2016 to July 1, 2019. The Committee further requested the Department provide information on what happens if the waivers are not consolidated.

### OSPB Comeback:

OSPB requests approval of the Department's request as submitted.

The Department is currently in the process of preparing to submit a Home and Community Based Services (HCBS) waiver amendment to the Centers for Medicare and Medicaid Services (CMS) to consolidate the two programs; however, the Department has identified additional work needed to develop the redesigned waiver and required waiver application and estimate costs. The work would include hiring contractors to assist the Department in aligning Support Levels and Service Plan Authorization Limits and estimating the cost of the consolidated waiver; developing, planning, and implementing a transition plan for gradually enrolling individuals into the redesigned waiver; and, collecting stakeholder engagement and input for review.

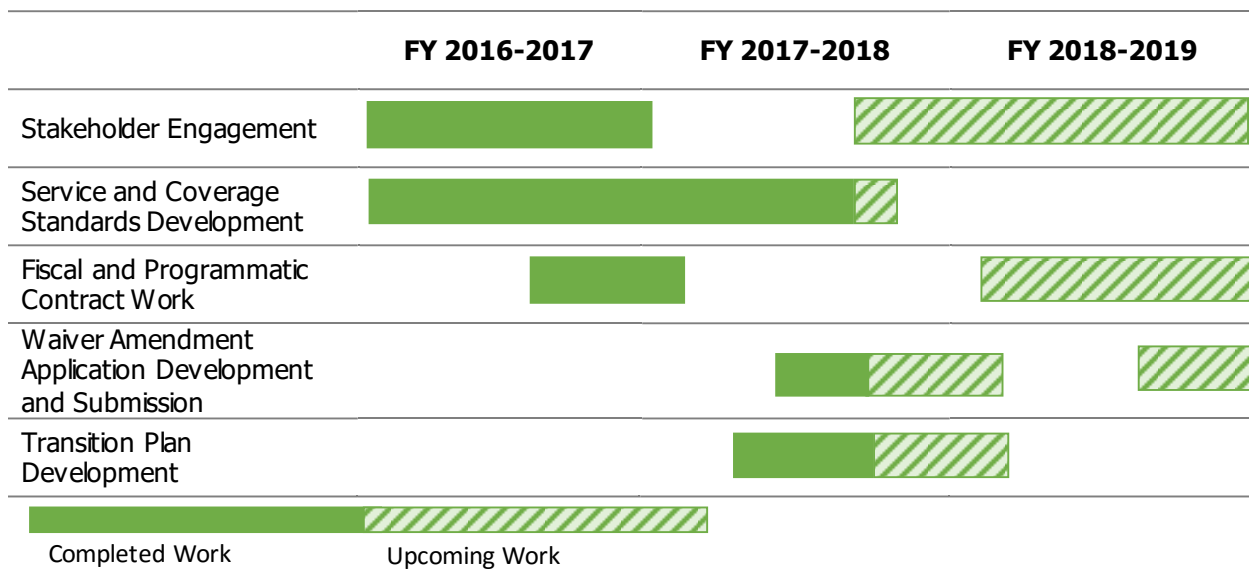
### Background Information

The General Assembly appropriated the Department \$2,176,695 total funds and 3.0 FTE in FY 2015-16 for the consolidated waiver implementation process required through H.B. 15-1318. This funding was appropriated to analyze the breadth of fiscal, operational, and programmatic impacts of a redesigned waiver and for FTE to monitor this work, guide facilitation with stakeholders and to move

towards the goal of implementing the consolidated waiver by July 1, 2016. Funding was not included for changes in services provided to clients. While the Department utilized the funding to develop the service package, provider qualifications, provider monitoring processes, and quality measures for the new waiver, it was unable to meet the July 1, 2016 deadline because:

- House Bill 15-1318 took effect August 5, 2015 which allowed nine months to hire the FTE, conduct stakeholder outreach, draft the waiver, and obtain CMS approval. Historically, the Department has needed one year for stakeholder vetting and one year for CMS waiver application submission and approval as there are generally a number of questions and responses required to obtain federal approval.
- CMS has given guidance that the federal regulation on Conflict Free Case Management must be implemented before they would approve a new HCBS waiver. Colorado will be fully compliant in 2022 as directed by the legislature through H.B. 17-1343 “Implement Conflict-free Case Management”. As such, the Department must amend the existing HCBS-DD waiver which is more complex than applying for a new one because all waiver clients must start receiving services under the new amendment immediately upon the effective date, leaving little time for transition.
- The service package that would be provided under a consolidated waiver is different than the existing services. The new services provide options that are flexible, occur where and when they are needed, and consider both needs and preferences. Analyzing services options to create a package to meet these criteria while understanding the fiscal implications has taken time, especially because stakeholder input in analyzing services has been crucial to developing a new service package.
- Fiscal analysis constraints. Contractors hired through H.B. 15-1318 funding were tasked with estimating the costs of implementing new services agreed upon by the Department and stakeholders. However, additional analysis was identified through this process for which the Department needs the requested funding to complete in order to fully estimate the cost of the combined waiver. For example, the Department hired a contractor to model different options on how the Residential Habilitation service could be implemented in a combined waiver. The contractor was able to provide some estimates but was not able to do a complete analysis as the Department was unable to provide information on how the Support Level in the HCBS-DD waiver and HCBS-SLS waiver would convert to the combined waiver within the timeframe the contractor funding was available. The Department is confident that the requested contractor funding would enable a more comprehensive cost estimate.

The Department has been working towards submitting the waiver amendment to CMS July 1, 2019. The below Gantt Chart illustrates the work needed to meet that deadline. Additional funding may be needed in order to implement the change in service package and utilization of those services and the Department would work through the normal budget process to request those resources.



In H.B. 15-1318, the General Assembly declared that moneys appropriated for services for individuals with intellectual and developmental disabilities be spent in the most effective manner, thereby enabling the greatest number of eligible individuals to receive the services that they need in the amounts needed so that they may live successfully in the community. The consolidation and redesign of the HCBS-DD and HCBS-SLS waivers will not result in cost savings, it will result in adults with intellectual and developmental disabilities having access to a continuum of services based on their needs. If the Department halts the work to consolidate the HCBS-DD and HCBS-SLS waivers, individuals with intellectual and developmental disabilities will continue to have access to services that may not appropriately or fully meet their needs.

## Office of State Planning and Budgeting FY 2018-19 Budget Request Comeback Requests

Department:	Health Care Policy and Financing
Title:	R-13 All-Payer Claims Database Comeback

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$0</b>	<b>\$2,818,558</b>	<b>\$2,140,790</b>	<b>\$2,690,790</b>	<b>\$550,000</b>
FTE	0.0	1.8	0.9	0.9	0.0
GF	\$0	\$1,684,280	\$1,070,395	\$1,620,395	\$550,000
CF	\$0	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$1,134,278	\$1,070,395	\$1,070,395	\$0

### Summary of Initial Request:

The Department's request was to provide funding for the Medicaid share of claims within the All Payer Claims Database (APCD) system, additional state-only funding to support the end of grant funding for the APCD, and two FTE to provide more Departmental oversight to the APCD contract and the advisory committee.

### Committee Action:

The Joint Budget Committee approved the funding for the Medicaid share of claims within the APCD and the requested FTE over the APCD contract, but did not approve the additional state-only funding to support the end of grant funding or the requested FTE for the advisory committee. The funding that was approved, along with existing funding for a scholarship program for the APCD, would be appropriated through a separate bill rather than through the Long Bill.

The JBC action had two technical errors, which will be resolved in JBC staff comebacks; the numbers shown in the table above include corrections to those errors.

### OSPB Comeback:

OSPB requests approval of the additional state-only funding of \$550,000, as requested by the Department.

The Department needs this funding to ensure the APCD is sufficiently funded and can continue operations. The APCD is a valuable tool to the Department and other stakeholders across the state by providing statewide geographic data on cost of care, utilization of services, and measures of quality. Pursuant to section 25.5-1-204(11), C.R.S., if there is insufficient funding the database will cease to be operational and the data will be destroyed or returned to its original source. The grant funds from other sources are ending, and without another source of funding, the APCD would be at risk of being shut down.

One of the reasons JBC staff did not recommend the state-only funding is that the costs for the APCD have risen significantly in the last couple of years, indicating that these costs may be unnecessary and can be eliminated once the current grant funding ends. These recent increases paid for more qualified vendors to manage the system and enhancements that strengthened the quality of the data and upgraded the reporting and customer tools to make the data more interactive and user-friendly. The increased investment allowed the system to become a more effective tool that aligns with the mission of the APCD to provide actionable information for health care outcomes and costs<sup>2</sup>. As detailed in the Department's hearing responses on December 13, 2017,<sup>3</sup> there are many ways the state currently benefits from the APCD as well as areas of opportunity to expand the use of the APCD. These are not possible if the APCD does not have reliable data and quality analytic tools.

The Department does not anticipate that costs will continue to increase over time, and General Fund-only funding would only be used to cover costs when appropriate as identified through the cost allocation formula and when no other grant funding was available. Using grant funding is not a common funding method in other states – only two out of the eighteen states with legislatively mandated APCDs use grant funding to finance the APCD; most use some combination of state funding, Medicaid contributions, and assessments, in line with the Department's request for the Colorado APCD going forward. However, the Department, in conjunction with the APCD, will continue to seek out opportunities for additional grant funds or other revenue sources to reduce the need for General Fund.

The APCD has evolved into a key resource for the state and other stakeholders to determine proper rates for services, identify potential access to care issues, and seek efficiencies in providing health care services. Without a guaranteed funding source, the state faces the risk of losing this valuable resource. This statewide information about claims is not available anywhere else.

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<sup>2</sup> Per section 25.5-1-204(11), C.R.S., the APCD has a mission of "... facilitating the reporting of health care and health quality data that results in transparent and public reporting of safety, quality, cost, and efficiency information; and analysis of health care spending and utilization patterns for purposes that improve the population's health, improve the care experience, and control costs."

<sup>3</sup><https://www.colorado.gov/pacific/sites/default/files/2017%20Health%20Care%20Policy%20and%20Financing%2C%20E%20DO%20Hearing%20Responses.pdf>, question#77

## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Department of Public Health and Environment
Title:	R-02 Man Therapy

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$400,000</b>
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$0	\$400,000	\$0	\$400,000	\$400,000
CF	\$0	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Colorado Department of Public Health and Environment (CDPHE) requested \$400,000 General Fund to expand the reach of the existing Man Therapy campaign and website in both FY 2018-19 and FY 2019-20.

### Committee Action:

On March 15, 2018 during JBC staff comebacks, the Joint Budget Committee motion to approve the request failed on a 3-3 vote.

### OSPB Comeback:

The Office of State Planning and Budgeting (OSPB) respectfully requests that the Committee revisit this action and approve the Department's request.

***This education campaign is being rigorously evaluated.*** A research team from the University of Maryland at Baltimore, Florida State University and the Colorado School of Public Health are currently evaluating Man Therapy via a four-year Centers for Disease Control and Prevention (CDC)-funded study. The study is being conducted in Michigan (a state not previously introduced to Man Therapy) and measuring behavior change is at the core of the research design. Key conclusions from formative research included: removing traditional mental health language, using humor, connecting to physical symptoms, and giving men a chance to help themselves prior to recommending professional care.

***There's some evidence of success so far.*** Google Analytics data are available from the website launch in 2012 through today. We have also completed some survey data collection via the website. While not representative, the data are promising and note that 83 percent of the survey respondents would recommend Man Therapy to a friend in need, 73 percent reported that the self-assessment helped direct them to appropriate resources, 78 percent were satisfied with recommended "man therapies" and 51 percent agreed that Man Therapy made them more likely to seek help.

***Suicide prevention bills going through the General Assembly have died.*** Of the three bills out there, S.B. 18-114 and S.B. 18-153 have already died in committee, and H.B. 18-1177 aims to prevent youth suicide, while Man Therapy aims at men aged 25-64. So, this request would fill a void that no other solutions currently on the table are aiming at.

***Men of a working age are our highest risk population for suicide.*** Man Therapy ([www.mantherapy.org](http://www.mantherapy.org)) is designed to reach working-age men to change the way they think about mental health, provide them with the tools they need to take control of their overall wellness and reduce the number of suicides among Colorado working-age men.

Colorado consistently ranks in the top 10 nationwide for suicide deaths. In 2016, Colorado saw 1,156 suicide deaths - the highest number ever recorded. More Coloradans died from suicide than homicide, motor vehicle crashes, breast cancer, flu or pneumonia, or diabetes. And working-age men account for more than half of all suicides. In 2016, 613 Colorado males ages 25-64 died by suicide.

Studies indicate this group is the least likely to access the health care system, and therefore focusing on the health care system alone is unlikely to reduce suicide rates. Existing evidence is strong that men are much less likely than women to access traditional professional mental health services and men are more likely to wait until a health care issue is a crisis before accessing professional care.

Men are less likely than women to recognize, acknowledge and seek treatment for depression. In addition, because men may appear to be angry or aggressive instead of sad, their loved ones and even their physicians may not always recognize these behaviors as depression symptoms. Man Therapy is designed to provide men struggling with anxiety, substance use, depression, anger or suicidal thoughts with the tools to address their mental health as well as to encourage them to access mental health or primary care services when appropriate.

***Suicide is a complex issue, with no single driver and no solitary solution.*** CDPHE employs a number of strategies to support communities in implementing comprehensive suicide prevention efforts. Man Therapy is one of those strategies. While there are existing initiatives involving improving care for those at risk for suicide once they've engaged with services, more needs to be done on a community level to encourage help-seeking behaviors, especially by men, before these men connect with services. In Colorado, less than a third of those who die by suicide are receiving mental health care at the time of their death. Improving mental health resources, while important and necessary, cannot make as great of an impact if done in isolation, particularly if those most at risk are not accessing those services.

CDPHE, the Carson J Spencer Foundation (a Colorado-based suicide prevention nonprofit organization), and Cactus (a Denver advertising agency) launched the Man Therapy website in 2012 with seed funding from the Anschutz Foundation. Following the launch, small foundation grants and small amounts of Office of Suicide Prevention (OSP) General Fund dollars were used for limited promotion.

While the website is fully executed and available to everyone in Colorado, there are not sufficient program funds available to make people aware of the website. CDPHE can raise awareness of the website using large scale advertising via television, radio, and print and social media to increase the number of visitors to the website. Without this awareness, Man Therapy is not reaching an optimum



number of Colorado men that would benefit from visiting the site, completing the self-assessment and being linked to a large variety of existing and available resources.

***This funding request will allow the department to continue to build brand awareness for Man Therapy and promote this important and free resource to communities in Colorado.*** Currently this valuable resource exists, but few people are aware of it. Investing in advertising will drive traffic to the website. Australia invested \$6 million in their version of Man Therapy and rolled it out nationwide, which led to an estimated total campaign reach in Australia of 3.86 million men between the ages of 24-54. There were 379,393 visits to their site in the first six months of the project.

CDPHE has a history of success using mass media campaigns to drive action, including website traffic and phone calls. Data shows when our media campaigns are running, we receive significantly more website visitors than when our ads are not on air. Since May, 2016 we have been running a campaign to inform young adult tobacco users about the dangers of tobacco. In the first year of the campaign, we saw about 32,000 sessions on the website. In the second year of the campaign, we saw nearly 167,000 sessions - a 426 percent increase. There was a 360 percent increase in unique users to the website from year one to year two. This shows that a sustained media campaign can raise awareness and significantly increase the number of people receiving the message over time.

***It is only through a comprehensive set of strategies that Colorado will be successful in lowering the incidence and rate of suicide within our state.*** This means strategies must target all Coloradans, including those most at risk. Men of a working age are our highest risk population. While youth suicide is also an important priority, there are many ongoing efforts to affect youth suicide prevention.

The overarching goal and charge of the Office of Suicide Prevention is to reduce Colorado's suicide rate. The Office of Suicide Prevention is currently implementing a five-year Substance Abuse and Mental Health Services Administration (SAMHSA)-funded youth suicide prevention strategy that includes school-based efforts, clinical training for providers, Emergency Department follow-up post discharge, and partnering with the statewide crisis services system to enhance comprehensive prevention and intervention strategies specifically supporting youth ages 10-24. For several years the OSP has prioritized the expansion of evidence-based primary prevention efforts for youth focusing on infusing protective factors within school and youth organization settings. However, we can only achieve successful suicide prevention with comprehensive and sustained efforts across the lifespan. We believe it is important to also ensure we are also communicating with working-age men about suicide because they are our highest risk population.

Man Therapy and the messages behind it are essential complements to programs like Zero Suicide for health care, the Gun Shop Project, and the Emergency Department follow-up project. In order to impact our overall suicide rate, we must also support the working age men population with our public health prevention efforts. Man Therapy is our strategy to do so. It complements our youth efforts because the men that are impacted by Man Therapy are the dads, uncles, older brothers, grandfathers, coaches, neighbors, and teachers of the youth who need them to be mentors, role models and supports if/when they are struggling.

***Many partners support Man Therapy.*** CDPHE regularly engages in conversations with other state departments to better align and leverage existing work and initiatives. For instance, the Department of Health Care Policy and Financing, the Office of Behavioral Health and the Colorado School Safety



Resource Center all have designated appointments on the Suicide Prevention Commission, which serves in an advisory capacity to the Office of Suicide Prevention. CDPHE also engages with the Office of Behavioral Health regarding crisis services work and the statewide mental health crisis services system. CDPHE partners with the Office of Behavioral Health and the Department of Health Care Policy on many initiatives, including the adoption of Zero Suicide as a framework, as they are much better equipped to support men that do seek out those services.

***Feedback from Man Therapy Clients:***

- “I was at an SRP for the Army and noticed one of your posters. The poster I saw was about MRE’s, and a few of us soldiers were laughing about it. This led us to research your site, after which we started talking about the issues veterans are having. What I am asking is there a way I could get some of your posters to display at both my unit and my shop, full time technician in the Ohio Army National Guard. If your message reached me could I help to spread it to others.”
- “Your site is the first one I’ve found that helped with the loneliness of depression. Tonight, I needed to talk to someone more than anything. Dr. Mahogany helped in that regard, even if I was already too educated for my own good going into it. It made me feel better seeing an empathetic face, even if it was pre-generated.”
- “Sometimes when things are darkest, a little humor can put things into perspective and thus start a real conversation. I think your site can be a powerful tool to help men rid themselves of society’s stigma that men have to be strong and the ‘suck it up attitude’ that comes with that stigma.”

## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Request

Department:	Office of Economic Development and International Trade (OEDIT)
Title:	R-01 Film Incentive Rebate Program

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$500,000</b>
FTE	4.5	0	0.0	0.0	0.0
GF	\$750,000	\$1,250,000	\$0	\$500,000	\$500,000
CF	\$500,000	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Department requested an additional \$1,250,000 General Fund for FY 2018-19 to increase the funding level for the Colorado Office of Film, Television and Media's (COFTM) incentive program and allow Colorado to grow the emerging film industry, thereby creating more opportunities for the expanding local workforce.

### Committee Action:

The Joint Budget Committee (JBC) voted to adopt staff recommendation and not approve the request for \$1.25 million in additional General Fund.

### OSPB Comeback:

OSPB respectfully requests that the JBC approve an additional \$500,000 General Fund for COFTM's incentive program.

COFTM's incentive program received \$750,000 General Fund in FY 2017-18, and the JBC voted to continue level funding for FY 2018-19. Providing continuation funding plus an additional \$500,000 for COFTM incentives will enable COFTM to continue building on momentum to further grow and strengthen the local film industry. Increased funding will undoubtedly facilitate more workforce opportunities across the state and an increase in local industry-related expenditures. It could lead to larger projects, which would result in more jobs and a significant raise in Colorado spend, or it could enable a larger number of smaller projects, which would also positively impact the industry.

A strong local film industry creates opportunities for local businesses and the local workforce. COFTM's incentive program not only entices filmmakers and television producers to the state, but perhaps more importantly, it also makes it possible for local projects to come to fruition and hire local crew. This enables Colorado talent to work where they live. Without these funds and the productions they attract or make possible, the local workforce will suffer from lack of experience. A thriving film, television, and gaming industry engages developing *and* experienced crew. Diverse projects

incentivized through COFTM add to the permanence of Colorado’s film industry by supporting the growing pool of talent working across Colorado.

**Accountability:** In response to the statutorily required 2017 COFTM performance audit, COFTM is making changes to improve its incentive program and enhance related internal controls. For example, COFTM has implemented new processes to strengthen the incentive application process with a series of formal guidelines. Senate Bill 18-103, which has passed the Colorado Senate and House, strengthens requirements around COFTM’s administration of the incentive program.

**Anticipated Outcomes and Evaluation:** Attracting more projects to Colorado is part of a broader strategy to capture the economic value of Colorado’s landscapes and build the necessary infrastructure to make Colorado attractive to the film industry. With an additional \$500,000 General Fund, COFTM expects to increase total Colorado spend. OEDIT believes the diverse projects incentivized through COFTM add to the permanence of the industry given the state’s growing multi-talented workforce.

Production spending positively impacts the Colorado workforce, sub-industries, and local communities, and it allows Colorado to be competitive in the business of content creation. Impacted industries/professions range from producers, directors and writers, to carpenters, electricians, painters, and artists, to lawyers to food service employees and caterers.

Many Colorado communities, urban and rural, benefit from money spent during productions. With a goal of impacting production in all 64 Colorado counties, COFTM has worked with 53 to-date. COFTM also collaborates with divisions across OEDIT to provide opportunities for Colorado’s workforce and draw national attention to Colorado. A variety of local businesses benefit from film, television, and media projects. Productions also create new jobs and provide valuable experience and training for new and existing workforce.

COFTM expects the 11 projects approved in FY 2016-17 to bring almost \$30 million of economic impact to Colorado and create 676 new jobs. Additional funding is necessary to increase this level of job creation and economic growth in the state. The table below displays projects incentivized by COFTM FY 2014-15 to present.

Year	Incentive Funding	Number of Projects Completed	Total Colorado Spend
FY 2014-15	\$5,000,000	16	\$42,554,231
FY 2015-16	\$3,000,000	13 (1 Still in Production)	\$8,097,598
FY 2016-17	\$3,000,000	13 (5 Still in Production)	\$30,040,883
FY 2017-18	\$750,000	0 (8 Still in Production)	TBD

## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Request

Department:	Office of Information Technology
Title:	R-01 Broadband and FirstNet Staffing Continuation

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$3,264,822</b>	<b>\$224,992</b>	<b>\$0</b>	<b>\$224,992</b>	<b>\$224,992</b>
FTE	15.0	0.0	0.0	0.0	0.0
GF	\$1,071,330	\$224,992	\$0	\$224,992	\$224,992
CF	\$1,109,625	\$0	\$0	\$0	\$0
RF	\$50,244,755	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Office of Information Technology (OIT) requested \$224,992 General Fund to continue funding 2.0 FTE that support the FirstNet initiative to create a dedicated public safety broadband network and OIT's efforts to increase broadband availability across Colorado.

### Committee Action:

The Joint Budget Committee (JBC) voted on February 12, 2018 to deny the OIT request and not earmark any funding for this purpose in any legislation.

### OSPB Comeback:

The Office of State Planning and Budget respectfully requests that the JBC reconsider its action and approve the \$224,992 requested in General Fund spending authority for the Colorado Broadband Office (CBO) in FY 2018-19 and ongoing. If the JBC does not fund these positions, two experienced, valuable staff members within the CBO will lose their jobs and the Office's important work of expanding coverage and capabilities to Colorado's citizens and first responders will be greatly hampered. Specific response to JBC issues are:

#### *1. JBC Issue – There is no need to retain staff since the state “opted-in.”*

- a. Given the nature of AT&T's implementation and competition from other providers (Verizon) maintaining operational interoperability is now more complicated than before and must be managed. This includes managing interoperability between LTE providers (Verizon, AT&T) as well as integration with the state Digital Trunked Radio System (DTRS), which will be complicated and ongoing efforts.
- b. The ongoing transition from older to newer technologies must be managed properly at the state level to ensure it works within Colorado's public safety response structure. The true value of the FirstNet initiative lies in the implementation of end-

- user technologies that will allow for greater communications and information flow.
- c. The state will continue to be the focal point for feedback and accountability to FirstNet and AT&T. This includes ensuring coverage, performance and functional promises established in the state plan are met.

**2. *JBC Issue – We should wait until broadband legislation is finalized.***

- a. The staff in question, while focused on public safety, have impacted rural broadband goals through their local and regional outreach efforts by creating an economies-of-scale effect between the varieties of initiatives driven by the CBO.
- b. Current legislation is focused on a single stream for last-mile funding. This is but one element of the overall broadband effort. In order to achieve its long-term goals, the work of the CBO must integrate multiple focus points including education, health care, public safety, last mile financing, middle mile access and statewide access to telecommunications infrastructure and developing public-private partnership (P3) models for additional investment. These tasks require more than the current 3.0 FTE permanently funded staff can handle.
- c. The current staff was selected with specific skill sets in mind. Removing these skill sets will require significant adjustments by other staff, decreasing the CBO's effectiveness.

**3. *JBC Issue – Funding this request would violate 24-75-1305 C.R.S (supplanting federal funds with General Fund).***

- a. Since the CBO is only partially funded by federal funds this request would not violate existing statute.

***Consequences if Request is Not Funded***

If this request is not approved, the 2.0 FTE would need to be laid off. With this 40 percent reduction in CBO staff, there would necessarily be significant cuts to programs and programmatic efforts within the office. These include:

- Ensuing statewide public safety interoperability;
- Supporting public safety technology transitions;
- Supporting local school districts in increasing connectivity,
- Achieving the long-term broadband goal of universal access;
- Developing a statewide telecommunications infrastructure plan; and,
- Supporting local and regional broadband teams.

As the state's critical communications infrastructure and services become more interdependent it will be crucial to coordinate and strategically addresses key issues from a variety of angles.

## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Local Affairs
Title:	R-01 Housing Assistance for Re-Entry Population

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$0</b>	<b>\$4,758,600</b>	<b>\$0</b>	<b>\$4,758,600</b>	<b>(\$4,758,600)</b>
FTE	0.0	0.0	0.0	0.0	(0.0)
GF	\$0	\$0	\$0	\$0	\$0
CF	\$0	\$4,758,600	\$0	\$4,758,600	(\$4,758,600)
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

For FY 2018-19, the Department of Local Affairs requested \$4,758,600 in spending authority from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund. The request was made pursuant to S.B. 17-021 ('Concerning Re-Entry Services for Persons with Mental Illness in the Criminal Justice System'), which established a housing program for persons with mental illness transitioning from the criminal or juvenile justice systems. The funding mechanism for the bill was a one-time transfer of any unexpended General Fund that was appropriated to the Division of Criminal Justice in the Department of Public Safety in FY 2016-17 for community corrections programs and services. Funds were to be deposited in the newly created Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund; however, the bill did not include an appropriation from the Fund for the Department to administer the housing program. Instead, the fiscal note assumed that the Department would request an appropriation through the annual budget process.

### Committee Action:

During JBC staff's figure-setting presentation for the Department of Local Affairs on February 7, 2018, Senator Moreno's motion to approve the full amount of R-01 failed on a 3-3 vote.

### OSPB Comeback:

OSPB respectfully requests that the Committee approve the Department's request for \$4,758,600 which is the current balance in the Fund at the close of FY 2016-17. The Department also requests that any unspent moneys from FY 2018-19 are rolled-forward into FY 2019-20 and remain available for expenditure until June 30, 2020. If the request is not approved, S.B. 17-021 will effectively be repealed and the State will miss a critical opportunity to improve recidivism for those citizens with mental illness who would otherwise re-enter the community from correctional institutions to homelessness.

In 2016, 150 inmates were released from Department of Corrections (DOC) to homelessness each month. DOC data shows that 32 percent of parolees have moderate to significant mental health needs<sup>4</sup> and 55 percent of those with mental health needs recidivate within three years<sup>5</sup>. Therefore, even after investing in the rehabilitation of these citizens in the correctional system, this population stands a substantial chance of imposing even further high costs on the State, either through resuming high-needs homelessness or through recidivating. Those that re-enter into homelessness and become a part of the high-needs chronic homeless population incur an estimated cost of \$63,000 per year per person as they rotate between detox, emergency rooms, and other costly services<sup>6</sup>. Similarly, those that recidivate following re-entry go back into the correctional system which, as of 2016, costs \$37,958 per offender<sup>7</sup>.

Due to the high costs imposed by the re-entry population, S.B. 17-021 proposes that a new emphasis be placed on the development of Permanent Supportive Housing (PSH) specifically for this population. At an estimated construction cost of \$25,200 per unit, PSH for this population presents a cost savings of 33 percent compared to incarceration and 66 percent compared to homelessness. Furthermore, the cost savings are even greater than illustrated above as development costs are imposed only once while those incurred by homelessness and incarceration will likely continue year after year.

Ohio invested \$5 million in PSH for their re-entry population with the Returning Home Ohio program and a third-party evaluation found that the program's participants were 61 percent less likely to recidivate a year after re-entry compared to their peers that did not receive housing assistance<sup>8</sup>. With the focused initiative created by S.B. 17-021, the Division of Housing (DOH) will be able to leverage its relationship with DOC and its technical assistance grant with the Vera Institute, a nationally renowned criminal justice research group. DOH has been collaborating with the Institute since September 2017 and has held meetings with 14 public housing authorities across the state to prepare for the roll out of this initiative.

In CY 2017, DOH awarded funding for 56 developments across the state which helped create or rehabilitate 3,849 units of affordable housing, none of which explicitly serve the re-entry population. However, DOH is currently reviewing an application for a 33-unit PSH project targeted at the re-entry population in Jefferson County and three developers presented their ideas for projects targeted at this population during the PSH Toolkit event in January 2018. The requested dollars align perfectly with this type of project.

Funds provided by S.B. 17-021 are required to serve the re-entry population for two reasons: DOH does not have the financial capacity to substantially expand its services to this population, and this initiative will enable DOH to help fund developments for this unique population. Though DOH currently has the capacity to fund a small number of developments and vouchers that assist the post-corrections population, any application for a voucher, grant, loan, or other funding mechanism must compete with other applications that serve other populations such as homeless families, high-needs homeless, and homeless youth.

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<sup>4</sup> Colorado Department of Corrections (2016). *Annual Statistical Report FY16*. State of Colorado. p 40

<sup>5</sup> Ibid, p 46

<sup>6</sup> Connor et al. 2013. A Pilot Study of the Impact of Housing First-Supported Housing for Intensive Users of Medical Hospitalization and Sobering Services. p 5

<sup>7</sup> Colorado Department of Corrections (2016). *Annual Statistical Report FY16*. State of Colorado. p 8

<sup>8</sup> Fontaine, J. (2012). *The Role of Supportive Housing in Successful Reentry Outcomes*. Urban Institute. p 61



Therefore, the \$4,758,600 in cash funds provided by S.B. 17-021 would allow DOH to diversify its investments in supportive housing from focusing primarily on high-needs homeless individuals and homeless veterans to include the post-corrections population. These dedicated funds will also allow DOH to make greater investments in rural areas, which are often ineligible for federally allocated loans, grants, and tax credits that the Division leverages to make affordable housing possible.

### ***Current use of program funding***

The two Sankey Diagrams on the following pages illustrate how units and vouchers from each of the Division's housing programs flow from their funding sources to the populations served. The diagrams demonstrate the crossover between programs in terms of the populations that are served, in addition to the populations that the Division can only minimally serve with current funding.

DOH operates several programs which enable access to affordable housing across two primary areas: development and vouchers. Marijuana cash funds of \$15.3 million have been allocated towards the Homeless Solutions Program (HSP), which provides grants, loans, and project-based vouchers<sup>9</sup> that provide PSH for homeless persons with the highest needs. The Division administers seven other development programs, in addition to ten voucher programs (including HSP vouchers), which assist a variety of populations across the state.

DOH voucher programs are serving 7,035 households as of March 1, 2018, six of which assist individuals with behavioral health diagnoses that were released from DOC to homelessness. These are a part of a group of 25 vouchers that have been awarded to DOC using HSP funds to prevent these individuals from becoming homeless or recidivating. However, vouchers alone are not very helpful for those exiting the correctional system as they often face barriers to housing due to their criminal history. Additionally, the project-based vouchers that DOH does award are limited by the housing capacity of existing service providers.

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<sup>9</sup> Project based vouchers are awarded to specific developments as opposed to citizens.



# DOH Vouchers by Funding Source and Population Served

## Funding Source

Number of vouchers

State 416

Federal 6,637

## Program

CCT 207

SHV 115

HSP 94

HCV 5,013

SEC811 17

PSH 640

TBRA 47

FUP 233

HOPWA 48

VASH 639

## Population

3,848 Disabled

735 Other/ELI

1,623 Homeless

108 DV

108 Homeless Youth

639 Homeless Veterans

6 DOC Re-Entry

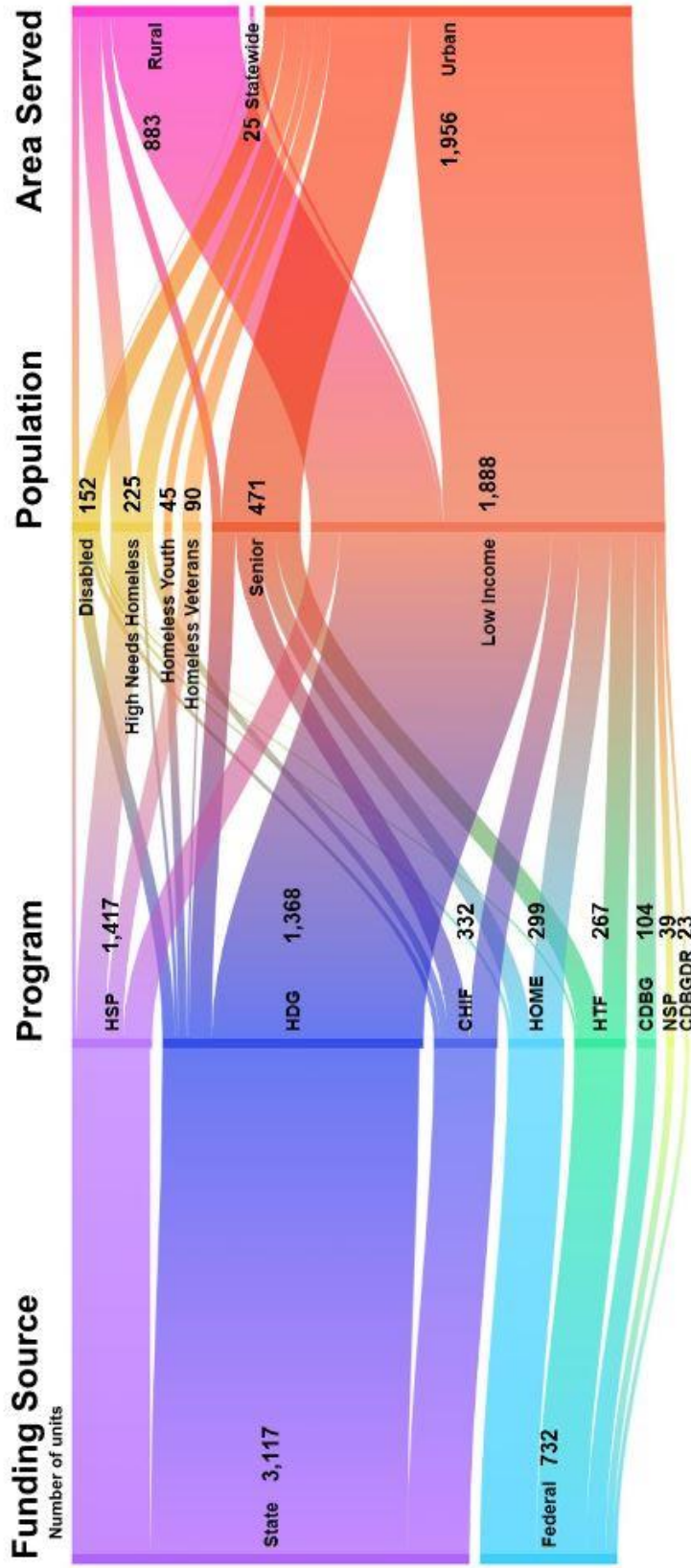
## Acronym Key

<b>CCT:</b>	Colorado Choice Transitions state voucher program, assists citizens moving out of long-term care facilities.	<b>Other/ELI:</b>	Population that includes voucher holders that are either extremely low income, elderly, or other preference category.
<b>DV:</b>	Survivors of domestic violence.	<b>PSH:</b>	Federally funded Permanent Supportive Housing program, serves homeless citizens.
<b>FUP:</b>	The federal Family Unification Program, assists both homeless youth, and families when housing is an issue with them gaining custody of children.	<b>SEC811:</b>	Section 811 program, federally funded and provides supportive housing for disabled persons moving out of long-term care facilities.
<b>HCV:</b>	The Housing Choice Voucher program, federally funded and formerly known as Section 8.	<b>SHV:</b>	State Housing Voucher program, primarily aimed at citizens experiencing homelessness.
<b>HSP:</b>	The Homeless Solutions Program focuses on high needs homelessness, is funded by \$15.3 million in state marijuana cash funds.	<b>TBRA:</b>	Tenant Based Rental Assistance, federally funded and prevents at risk youth and adults from becoming homeless.
<b>HOPWA:</b>	Housing Opportunities for Persons with AIDS program, federally funded.	<b>VASH:</b>	Federally funded Veterans Affairs Supportive Housing Program, supports homeless veterans.

**Notes:** All vouchers are leased-up and active as of March 1, 2018.

DOH has persons with disabilities in all of its programs, but disabled voucher holders that can be described as another population in addition to being disabled were reclassified under other categories.

# CY 2017 Funding Awards by Population and Geographic Area



Acronym Key			
<b>CDBG:</b>	Federally funded Community Development Block Grant Program.	<b>HOME:</b>	The HOME Investment Partnership Program, federally funded and used to fund various grants and loans.
<b>CDBGDR:</b>	The temporary federally funded Community Development Block Grant Disaster Recovery program.	<b>HSP:</b>	The Homeless Solutions Program, funds supportive housing for difficult to serve homeless individuals with \$15.3m in state marijuana cash funds.
<b>CHIF:</b>	The Colorado Housing Investment Fund, is a custodial fund which provides loans for various developments.	<b>HTF:</b>	Federally funded Housing Trust Fund, a resource for the development and redevelopment for extremely low income housing.
<b>HDG:</b>	The state funded Housing Development Grant, provides grants to a variety of affordable developments	<b>NSP:</b>	Neighborhood Stabilization Program, federally funded and dampens the impact of foreclosures and abandonment in distressed communities

**Notes:** All units were awarded to developers during the calendar year of 2017. This timeframe was chosen to capture 12 months of awards, while capturing HSP awards through December 2017. HSP funding for low-income units was used as a part of a mixed-income development.

Census Bureau criteria was used to identify the area that each type of unit serves. Any unit in the counties of: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Larimer, Mesa, Pueblo, and Weld qualify as urban.

## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Local Affairs
Title:	BA-01 Cybersecurity Training for Local Governments

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$250,000</b>	<b>(\$250,000)</b>
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$0	\$250,000	\$0	\$250,000	(\$250,000)
CF	\$0	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Department of Local Affairs requested \$250,000 General Fund to reimburse local government staff and other eligible personnel for cybersecurity training. The training would primarily occur at the Cybersecurity Symposium being held in Colorado Springs in November 2018 sponsored by the National Cybersecurity Center. Funds may also be used to provide other training opportunities at local government conferences.

### Committee Action:

The Committee did not take action to approve or deny the Department's request.

### OSPB Comeback:

OSPB respectfully requests that the Committee approve the Department's request for \$250,000 General Fund. Over the past couple of years, there have been several incidents where local governments across the country have lost millions of dollars through various email scams. In February 2015, seven employees with Denver Public Schools (DPS) had more than \$26,000 in direct deposit paychecks stolen through a phishing scam that requested their DPS username and password. In Colorado alone, according to the Office of Information Technology's Chief Information Security Office, the State experiences more than 8 million cyber incidences every day. These can include phishing and other email scams, as well as attempts to locate weaknesses in the State's various firewalls and other security safeguards. There is no doubt this threat will only grow as more of the State's systems go online and cyberattacks become more sophisticated.

All levels of government in Colorado are susceptible to cyber risk including cities, counties, and special districts. The challenge is how to prepare them against these immense risks while often utilizing outdated procedures and antiquated IT infrastructure. The first line of defense for any organization is education; however, there are very limited resources to support local governments at a reasonable cost. The provision of education and training to local governments and elected officials is necessary to ensure that the public interest is protected since more and more of the services, data, and

other functions of government depend on technology that is susceptible to all varieties of cyberattacks and other related risks.

The Department believes that the many benefits of this request far exceed the \$250,000 General Fund cost to fund cybersecurity training for cities, counties, and special districts all over Colorado. The expense of one cyberattack for any of these municipalities could run into the millions of dollars and, in some cases, the tens of millions of dollars. This request is a proactive effort to provide education and training so these types of catastrophic costs are not incurred by local governments that are already operating on limited budgets and only have access to minimal or no protective cybersecurity resources. The Colorado General Assembly adopted H.B. 16-1453, which authorized the University of Colorado at Colorado Springs (UCCS) to create an institute to provide training to prepare state and local governments in Colorado and across the country to mitigate and minimize all manner of cyber risk. This institute was created in partnership with the National Cybersecurity Center and is now housed in a 135,000 square foot facility owned by UCCS. The Department believes this request is also an efficient way to integrate the State's resources on an issue of critical importance.



## Office of State Planning and Budgeting FY 2018-19 Figure Setting Comeback Requests

Department:	Department of Revenue
Title:	JBC Sponsorship of Legislative Proposal per IRS Publication 1075

	FY 2017-18 Appropriation	FY 2018-19 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$0</b>	<b>\$423,000</b>	<b>\$0</b>	<b>\$423,000</b>	<b>\$423,000</b>
FTE	0.0	1.5	0.0	1.5	1.5
GF	\$0	\$258,000	\$0	\$258,000	\$258,000
CF	\$0	\$80,000	\$0	\$80,000	\$80,000
RF	\$0	\$85,000	\$0	\$85,000	\$85,000
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Department requested that the Joint Budget Committee sponsor legislation authorizing the State to require fingerprinting of all applicants, employees, contractors, and individuals with access to Federal Tax Information (FTI), as required by the federal Internal Revenue Service ([IRS Publication 1075](#) (September 30, 2016)). IRS Publication 1075 provides guidance to ensure the policies, practices, controls and safeguards employed by recipient agencies, agents, or contractors adequately protect the confidentiality of federal tax information.

The Governor's November 1 budget request included a placeholder of \$258,000 General Fund for this initiative. It should be noted that there are six additional state agencies that will be affected by this requirement. They are: Human Services, Personnel, Labor and Employment, Local Affairs, Governor's Office of Information Technology, Higher Education and Transportation.

### Committee Action:

The Joint Budget Committee approved a motion to draft a bill, but had additional outstanding questions. The Committee requested that the Department respond before voting on whether to sponsor and carry the bill.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the Committee sponsor the legislation after reviewing the provided information.

### Background

Federal Tax Information (FTI) is a term of art and consists of federal tax returns and return information (and information derived from it) that is in the agency's possession or control which is covered by the confidentiality protections of the IRC and subject to the IRC 6103(p)(4) safeguarding requirements including IRS oversight. Only agencies or agents that legally receive FTI directly from either the IRS or from secondary sources (e.g. Social Security Administration) pursuant to Internal

Revenue Code Section 6103 or by an IRS approved exchange agreement must adhere to Publication 1075. CPA's and other professionals are not included. They cannot request or obtain FTI directly from the IRS.

As a condition of receiving FTI, the receiving agency must show, to the satisfaction of the IRS, the ability to protect the confidentiality of that information. Certain safeguards must be implemented to prevent unauthorized access and use (recordkeeping, secure storage, restricting access, reporting requirements, disposing of FTI, computer systems security, among others). Besides written requests, the IRS may require formal agreements that specify, among other things, how the information will be protected. An agency must ensure its safeguards will be ready for immediate implementation upon receipt of FTI. Publication 1075 updates those requirements and therefore, DOR and other state agencies that access FTI must comply or lose access.

IRS Publication 1075 includes a requirement that new and existing employees and consultants be subject to a criminal background check relying on the FBI's national, fingerprint-based system.

### ***Use of Federal Tax Information (FTI)***

Within the Department of Revenue, the Tax Discovery Section is the primary consumer of FTI. The data is used in various projects for billing purposes. FTI is also largely used in fraud prevention efforts. We match information provided on IRS data to information submitted on Colorado returns to check for consistency and compliance. Additionally, the Criminal Tax Enforcement Section uses FTI in their criminal investigations. The Field Audit Section may use FTI to assist in resolving an audit issue or in the audit selection process. The Office of the Tax Conferee may use FTI in their reviews of protests from taxpayers. The Income Tax Section may use FTI in their reviews of income tax returns. The Office of Research and Analysis uses FTI to compute total revenue projections to estimate revenue impact from proposed legislation, and also publishes the aggregate statistics for the State Statistics of Income Report.

The Tax Discovery Section issues assessments of approximately \$200 million per year; approximately 75% of these assessments are dependent on the FTI data provided by the IRS. Discovery collects approximately 35% of its total assessments. Based on these assumptions, the lack of FTI data would result in the loss of approximately \$52.5 million in tax revenue to the state each year. However, the impact would go beyond the direct loss of revenue. The absence of enforcement in this area would erode voluntary compliance. The state collects approximately \$6 billion annually in individual income tax remitted voluntarily by taxpayers. Without IRS FTI data, the Department's ability to enforce collection of this tax would be greatly compromised. This would undoubtedly have a large negative effect on voluntary tax filings.

### ***Statutory Change***

The statutory change would authorize agencies receiving FTI to access the FBI's national, fingerprint-based system through the Colorado Bureau of Investigation. The IRS will be reviewing compliance in the next year and will be noting whether states have passed authorization legislation within the one year period. At present, state agencies are unable to access the FBI's database because executive order only allows the FBI to release information where a state statute authorizes that release. Since the Colorado Revised Statutes do not currently contain such an authorization, a bill authorizing that access would need to be introduced and passed.

The Department of Revenue will require modifications to be made to Colorado Revised Statutes to authorize the Taxation Business Group, who receives Federal tax information to have access to the Federal Bureau of Investigation's fingerprint based system through the Colorado Bureau of Investigation. There will be a requirement that new and existing employees and consultants will be subject to a criminal background check relying on the FBI's national fingerprint based system. In addition, other provisions will need to be made for those who access Federal tax information, including; a check of local law enforcement agencies, where the subject has lived, worked or attended school within the last five years, validation of citizenship and residency, which will require employers to complete a form I-9 to document verification of the employee.

### ***Fiscal Impact***

Because the background check requirements affect multiple state agencies, the Department and the Office of State Planning and Budgeting conducted a preliminary survey of state agencies to estimate the total statewide impact. Non-executive branch agencies were not solicited. The assumption is that this bill will route through the normal fiscal note process to obtain complete fiscal impacts to implement this program.

The initial year impact was estimated at \$423,000 total funds (\$258,000 General Fund) for approximately 2,250 employees, including 700 county human services employees.. Because the Department of Revenue has approximately 900 employees and temporary staff that will be subject to the background check requirements, the Department is requesting resources to conduct its own background checks, rather than rely on the Colorado Bureau of Investigation (CBI). Other state agencies would request the background checks from the CBI. A cost of \$39.50 per background check was used for CBI checks. OSPB assumes that any staff turnover resulting in costs for additional extended background checks in future years would be minimal and absorbable by state agencies within existing resources.

In DOR, It is anticipated that any employee who has access to the Gentax database will be require an extended background check. These employees will total 800 in volume. Of this amount, there are 417 FTE in the Taxation Business Group, there are also employees in OIT, the Office of Research and Analysis and the Enforcement Business Group, who all have access to the Gentax database during the normal course of business. It is also assumed that 113 temporary personnel staff will be required to submit to the background check/fingerprint examination process. It is assumed that there will be a five percent fail rate for these existing employees (40 in total). Total costs in the Department of Revenue are estimated at \$187,368 and 1.5 FTE in FY 2018-19, and \$134,587, in FY 2019-20 and beyond.

***Personal Services:*** The Department assumes \$82,703 total funds and 1.5 FTE would be needed.

Human Resource Specialist III- 0.5 FTE: A response of the determination of the background check/fingerprint examination will be provided to the HR Specialist III. A disapproved background check could result in denial of access to DOR facilities, relocation or termination. The determination based on failed results are subjective and will take time to evaluate (will be based on a four tier consideration in accordance with 24-5-101 (4) C.R.S.) However, it is hoped that this HR Specialist III will develop a process for this evaluation of a failed result, in coordination with the OHR Director. This employee will also be responsible for providing

assistance for the mass volume of background checks and fingerprint examinations that will need to occur in FY 2018-19 and may need to provide backup in FY 2019-20.

**Human Resource Specialist III-1.0 FTE:** This position will be responsible for organizing, collecting and processing the background information and actual fingerprint examinations. The coordination of this will have to be timed carefully with existing DOR staff. This staff member will be responsible to ensure all information provided is complete and legible. If that isn't the case, they will need to return the information to the employee for corrections. Whether there is a record found or not, this information will need to be documented. This will need to be done for criminal or traffic records. This individual will need to maintain a list of all of this information. Any failed checks or examinations will need to be escalated to the Office of Human Resources (OHR) Director. It is anticipated that this individual will need to maintain all background check documentation and retain said information based on an established retention schedule. Contractor and temporary staff will require new background checks/fingerprint examinations each year, for which this individual will be responsible for. For those individuals who fail an examination, it is intended that the aforementioned four tier consideration, will have an outlined process to determine if employees will be retained or not. It is hoped that this position would develop that process in coordination with the OHR Director.

**Legal Expenses:** The Department anticipates the need for additional rulemaking and review. Consultation will be required to ensure that legally prudent decisions are made on employee dispositions, particularly if criminal activity is discovered. The costs for legal expenses in FY 2018-19 will be \$21,312 and in FY 2019-20 will be \$15,451.

**Fingerprint Equipment.** One-time cost of \$14,150 in FY 2018-19 for State of Colorado and FBI certified LS-Lite Digital Fingerprinting Systems.

**Leased Space.** Lease space expense for the aforementioned Personal Services staff. Leased space costs will be \$8,100 in FY 2018-19 and beyond.

**Background Check Revenue.** This bill will also require fingerprint-based criminal background checks. Fingerprint revenue is collected by the Department of Revenue and transferred via payment of billed expenditures to the Department of Public Safety. The fingerprint charge is \$39.50. This amount is collected by the DOR when the application is submitted. The Colorado Bureau of Investigation bills the DOR monthly for all fingerprint checks performed. This is a total cost of \$33,180 in Executive Director's Office re-appropriated funds in FY 2018-19 and \$15,451 in FY 2019-20 and beyond. This is a pass through to CBI.